



# The President's Daily Brief

*7 August 1973*

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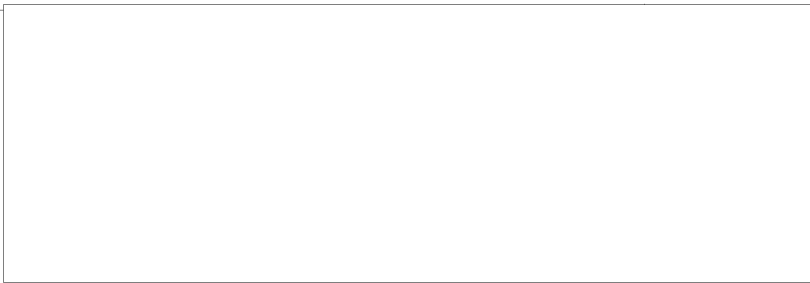


*FOR THE PRESIDENT ONLY*

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS



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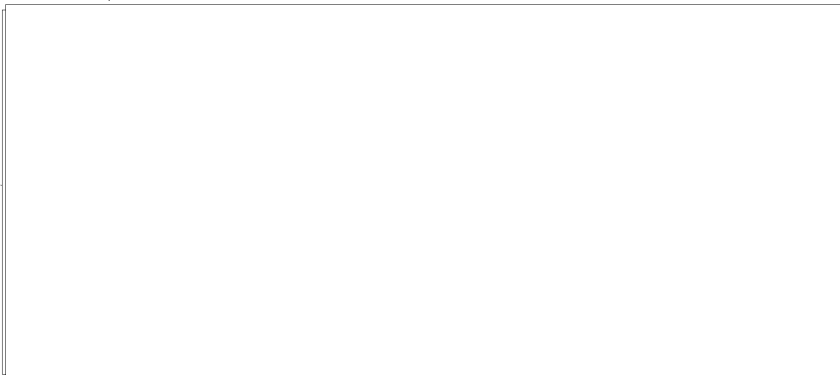
Rioting in at least five Indonesian cities is a protest against higher rice prices, Chinese domination of commercial activity, and corrupt dealings between Chinese merchants and government officials. (Page 3)

Chile's President Allende reached a stalemate in his "dialogue" with the opposition party, and must cope with the intransigence of his own party in his attempts to maneuver. (Page 4)

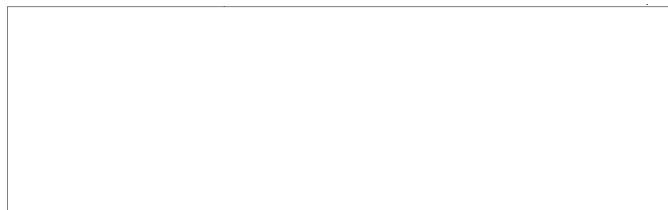
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USSR-IRAN

*Prime Minister Hoveyda's current trip to the USSR is the latest in a series of visits aimed at improving bilateral relations and reviewing regional policies. In March Premier Kosygin reciprocated the Shah's lengthy visit last fall. In June, Iranian War Minister Azimi met in Moscow with Soviet Defense Minister Grechko, who promised to give his request for arms prompt consideration.*

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*Hoveyda will find it difficult, however, to back off from the general endorsement the Shah himself gave to Moscow's vague proposal during Kosygin's visit; last night, Kosygin reminded Hoveyda in a dinner speech that both countries have agreed to promote Asian collective security.*

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INDONESIA

The anti-Chinese disturbances which began Sunday in the West Java capital of Bandung have so far caused considerable property damage, one possible death, and about 40 injuries. As of this morning, the disturbances had spread to several other cities. The riots were touched off by a minor traffic incident that developed into full-fledged demonstrations against higher rice prices, Chinese dominance of commercial activity, and corrupt dealings between Chinese merchants and Indonesian Government officials.

*The right wing of the Indonesian military leadership, strongly suspicious of the Chinese community, will probably use the riots to argue for further delay in any restoration of diplomatic relations with Peking. The Chinese, who take the position that overseas Chinese communities are the responsibility of host governments in Southeast Asia, are unlikely to react to the events.*

*FOR THE PRESIDENT ONLY*

CHILE

The political crisis has deepened after President Allende's "dialogue" with the Christian Democrats reached a stalemate last week. The country is in the midst of a serious transportation strike, which has aggravated food and fuel shortages during the Chilean winter. Military leaders feel more strongly than ever that they must do something to ease the situation, but have not agreed on a course of action.

*The intransigence of the extremists in his own Socialist Party threatens Allende's control of the situation. Even the Castro regime is reportedly trying to convince the Socialists that they must moderate their position to keep Allende's coalition government alive.*

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